

MARCH 20, 2002

**SCHAKOWSKY FIGHTS MORE FINANCIAL MISMANAGEMENT AT THE PENTAGON**

WASHINGTON, D.C. -- U.S. Representative Jan Schakowsky (D-IL) today said, "Even though the Defense Department is responsible for half of the total discretionary spending of the federal government, over \$300 billion, they don't have enough respect for the American public to keep a clean set of books. This is Enron accounting, ten times worse." Schakowsky is the ranking member on the Government Efficiency Subcommittee, which held a hearing today on Department of Defense financial mismanagement.

Below is Schakowsky's full subcommittee hearing:

*We are here today because once again, the Department of Defense has failed to produce a set of books that could be audited. Unfortunately, this isn't news. Even though the Defense Department is responsible for half of the total discretionary spending of the federal government, over \$300 billion, they don't have enough respect for the American public to keep a clean set of books. This is Enron accounting, ten times worse.*

*I find this particularly disturbing because the men and women who put their lives on the line for this country are not the ones responsible for these failures. It is the military bureaucrats at the Pentagon and around the country who keep the books. If they are failing the American public in this way, I wonder in what other ways they are failing those men and women who are putting their lives on the line.*

*In 1995, the GAO put the Defense Department financial management on the high-risk list. One of the issues raised then by the GAO was the failure of the department to protect its assets from fraud, waste, and abuse. Last week we saw just how vulnerable the Department is to fraud in the area of purchase cards. Millions of dollars in personal items, trips, and even plastic surgery were charged to government issued credit cards.*

*The financial mismanagement continues at the Pentagon. Seven years ago the GAO reported that the Defense Department was unable to reliably report on the costs of its operations. Today that remains a problem.*

*Seven years ago, the GAO reported that the Defense Department was not properly reporting billions of dollars of future liabilities associated with environmental liabilities. Today that remains a problem.*

*Seven years ago, the GAO reported that the Defense Department was unable to protect its assets from fraud, waste, and abuse. Today that remains a problem.*

*Twelve years ago, the GAO reported that the Defense Department's inventory*

*management was a high risk for failure. Today that remains a problem.*

*Twelve years ago, the GAO reported that the weapon system acquisition was a high risk for failure. Today that remains a problem. Unfortunately, the list goes on and on.*

*We have heard lots of talk, but we have not seen any progress.*

*As I pointed out last week, the problem is not systems or training or organization. It is the culture at the Department of Defense. The mission of the department is critical to our safety and welfare. Unfortunately, the bureaucracy has taken the importance of that mission and turned it into impudence. These failures to account for the cost of programs; to properly identify environmental costs; to protect against fraud are not just the dry arcane stuff of accounting. These are examples of how the Department abuses the public trust, wastes billions of dollars, and in the process ask for more.*

*Today we will hear again how the Department is going to correct these problems. Frankly, I see no reason to believe those responses. Last July we were told that the credit card issue would be addressed. Instead, we got business as usual - fraud, waste and abuse. Why should we not expect the same today?*